

Media Release

## Hyphens Pharma's 1H2020 net profit grew 39.8% to S\$4.3 million

- Proprietary Brands segment enjoyed robust growth of 29.8%, led by *Ceradan*<sup>®</sup> and *Ocean Health*<sup>®</sup>
- Acquisition of CG 210<sup>®</sup> hair growth products for Singapore and Malaysia further strengthens Proprietary Brands segment

Singapore, 13 August 2020 – Hyphens Pharma International Limited (“凯帆药剂国际有限公司”, “Hyphens Pharma”, or the “Company”, and together with its subsidiaries, the “Group”), Singapore’s leading specialty pharmaceutical and consumer healthcare group, is pleased to announce its second quarter (“2Q2020”) and half-year (“1H2020”) results ended 30 June 2020.

### Financial Highlights

The Group’s 2Q2020 revenue increased year-on-year by 4.1% to S\$30.2 million from S\$29.0 million in the second quarter ended 30 June 2019 (“2Q2019”). For 1H2020, revenue increased by 10.1% to S\$61.6 million from S\$56.0 million in the half year ended 30 June 2019 (“1H2019”).

| S\$'mil           | 2Q2020 | 2Q2019 | Y-o-Y %<br>Change | 1H2020 | 1H2019 | Y-o-Y %<br>Change |
|-------------------|--------|--------|-------------------|--------|--------|-------------------|
| Revenue           | 30.2   | 29.0   | 4.1               | 61.6   | 56.0   | 10.1              |
| Gross Profit      | 10.2   | 10.1   | 0.5               | 21.1   | 19.6   | 7.5               |
| Profit before tax | 2.6    | 2.0    | 25.5              | 5.1    | 3.7    | 38.6              |
| Profit after tax  | 2.2    | 1.6    | 32.0              | 4.3    | 3.1    | 39.8              |

The 1H2020 revenue increase was due to increased contribution from all three of the Group’s business segments. Proprietary brands segment led with the highest growth rate of 29.8%, with major contribution from *Ceradan*<sup>®</sup> and *Ocean Health*<sup>®</sup> brands. Additionally, the specialty pharma

principals segment and the medical hypermart & digital segment recorded higher revenue growth contributions of 6.6% and 8.2% respectively.

Similarly, the growth attributors for 1H2020 were also reflected in 2Q2020 revenue as the proprietary brands and the specialty pharma principals segments grew by 24.0% and 2.5% respectively.

| S\$'mil                       | 2Q2020 | 2Q2019 | Y-o-Y %<br>Change | 1H2020 | 1H2019 | Y-o-Y %<br>Change |
|-------------------------------|--------|--------|-------------------|--------|--------|-------------------|
| Specialty pharma principals   | 16.0   | 15.6   | 2.5               | 31.4   | 29.5   | 6.6               |
| Proprietary brands            | 4.5    | 3.7    | 24.0              | 9.2    | 7.1    | 29.8              |
| Medical hypermart and digital | 9.7    | 9.7    | (0.7)*            | 21.0   | 19.4   | 8.2               |
| Total                         | 30.2   | 29.0   | 4.1               | 61.6   | 56.0   | 10.1              |

*\*subject to rounding*

Gross profit correspondingly rose by 7.5% in 1H2020 to S\$21.1 million as compared to S\$19.6 million in 1H2019. In 1H2020, the gross profit margin remained relatively stable at 34.2% (1H2019: 35.0%).

As a result, the Group's net profit after tax in 1H2020 rose by 39.8% to S\$4.3 million (1H2019: S\$3.1 million) with net profit after tax for 2Q2020 increasing by 32.0% to S\$2.2 million (2Q2019: S\$1.6 million). The Group's Net Asset Value per share increased to 15.07 Singapore cents as at 30 June 2020, compared to 14.67 Singapore cents as at 31 December 2019.

**Mr Lim See Wah, (“林世华”), Executive Chairman and CEO of Hyphens Pharma** commented: “The acquisition of **CG 210®** hair growth products reflected our effort to grow our business through acquisitions. In addition, our team continued to launch new products such as **Ceradan®** Gentle Cleanser, **Ceradan®** Hand Lotion Sanitiser and 3 new products under the **Ocean Health®** brand. Despite the good result achieved in 1H2020, we are cognisant of the very challenging and unpredictable business environment due to COVID-19. Thus, we will remain diligent and agile as we navigate our path forward.”

## **Business Outlook**

The Group has experienced a slowdown in demand from the medical channel across the regions during 2Q2020 due to the varying degrees of control measures in each country. However, there was a significant increase in demand from the retail and online channels, especially in Singapore. The recovery of market demand in the regions had been inconsistent and unpredictable, and any further lockdown measures implemented will have a negative impact on the Group's business.

### Skin health portfolio expansion

While coping with the challenges brought about by COVID-19, the Group continued to grow its skin health portfolio. The Group has received a patent in the United Kingdom for **Ceradan® Advanced**, a next-generation emollient therapy which is scientifically formulated for eczema-prone skin conditions. This is an affirmation of the Group's research-based approach to product development and will be strategic towards the expansion of the **Ceradan®** brand. We will continue to undertake further clinical developments to reinforce **Ceradan®** positioning. Further, we have expanded our skin health portfolio to include hair growth products through the acquisition of **CG 210®**, a globally renowned & patented topical botanical hair growth-promoting agent, which is expected to further strengthen Hyphens' leadership in skin health.

### Product offering enhancement

At the same time, the Group continues to broaden its proprietary products through new product launches. Under the **Ceradan®** brand, two new products – **Ceradan®** Gentle Cleanser and **Ceradan®** Hand Lotion Sanitiser, have been introduced to the market. The Group has also launched three new **Ocean Health®** products this year – High Strength Omega-3 enriched with Vitamin D3, High Strength Omega-3 Liquid, and Fast Absorb Iron Energy Formula. These new products are expected to contribute positively to the revenue and profitability of the Group, although there will not be a material effect on financial results in the coming quarters.

### Internationalisation

The Group continues to actively pursue prospective partners in its internationalisation effort to other parts of Asia for its proprietary brands.

### Going Digital

With rising acceptance of Telemedicine, we intend to enhance our service offering to capture this growing opportunity. We will speed up our investment in e-commerce for our consumer healthcare brands and step up digital engagement with medical professionals.

End.

**Note: Please read this media release in conjunction with the SGXNET announcement released on the same date.**

**About Hyphens Pharma International Limited**

**(<https://www.hyphensgroup.com/>)**

Hyphens Pharma International Limited and its subsidiaries (the "**Group**") is Singapore's leading specialty pharmaceutical and consumer healthcare group leveraging on its diverse footprint in ASEAN countries. The Group has a direct presence in Singapore, Vietnam, Malaysia, Indonesia and the Philippines, and is supplemented by a marketing and distribution network covering six additional jurisdictions, namely, Hong Kong, Myanmar, Brunei, Cambodia, Oman and Bangladesh.

Singapore is the Group's regional headquarters, where its strategic planning, finance, regulatory affairs, research and development, legal, business development and logistics operations are based. The Group's core business comprises the following segments: Specialty Pharma Principals, Proprietary Brands, and Medical Hypermart and Digital. Besides marketing and selling a range of specialty pharmaceutical products in selected ASEAN countries through exclusive distributorship or licensing and supply agreements with brand principals mainly from Europe and the United States, the Group also develops, markets and sells its own proprietary range of dermatological products and health supplement products. In addition, the Group operates a medical hypermart for healthcare professionals, healthcare institutions and retail pharmacies, to supply pharmaceutical products and medical supplies.

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